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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1940.

OBEAR-NESTER GLASS COMPANY,
Plaintiff-Petitioner,

v.

WALGREEN DRUG STORES, INC.,
Defendant-Respondent,

and

CORNING GLASS WORKS,
Intervenor-Respondent.

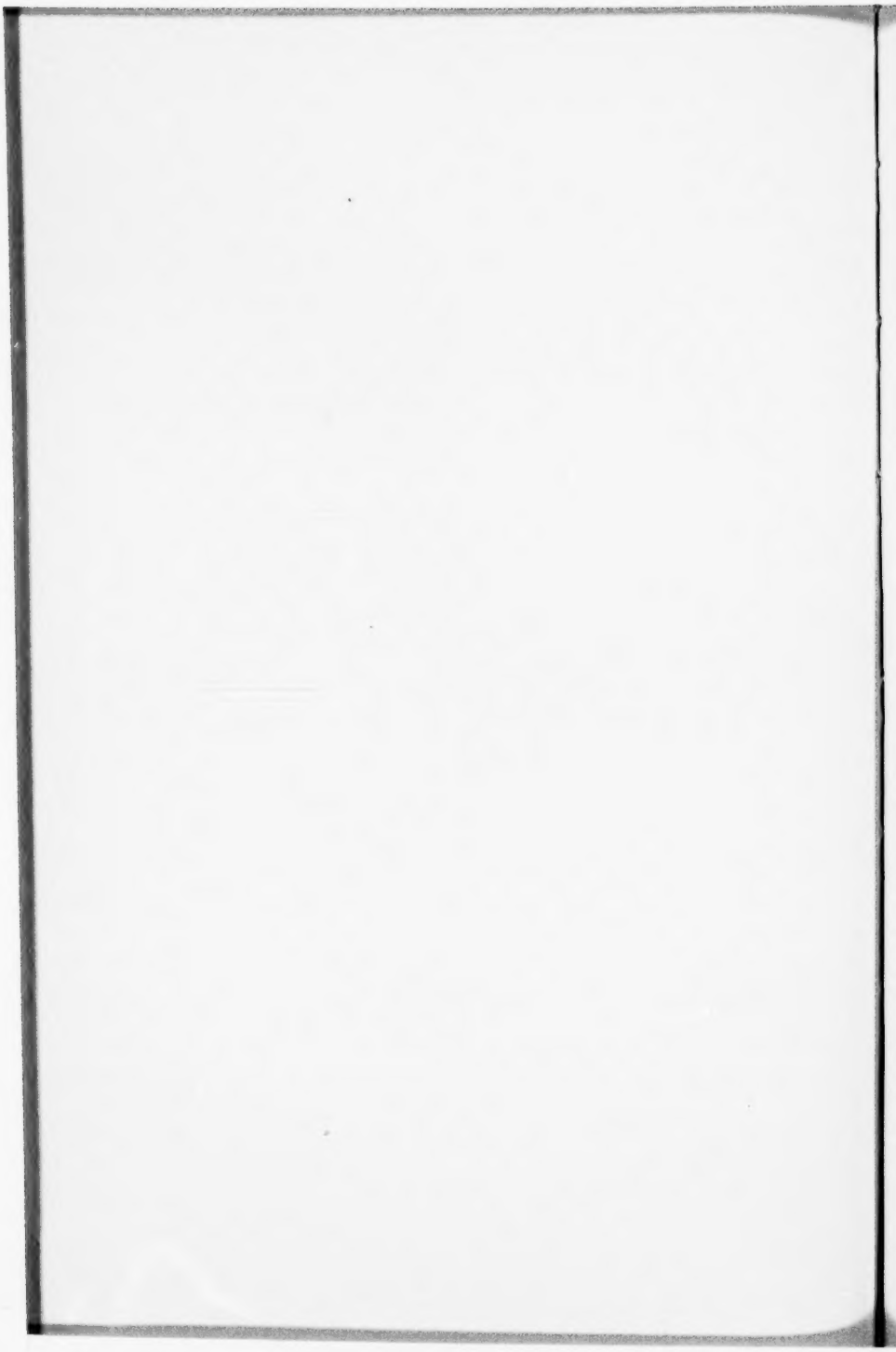
PETITION FOR WRIT OF CERTIORARI
and
BRIEF IN SUPPORT THEREOF.

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and

CORNING GLASS WORKS,
Intervenor-Respondent.

PETITION FOR WRIT OF CERTIORARI

To the United States Circuit Court of Appeals for the Eighth Circuit.

To the Honorable The Chief Justice and The Associate Justices of the Supreme Court of the United States:

Your petitioner, Obear-Nester Glass Company, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Eighth Circuit to review a judgment and decision of that court entered on the 19th day of July, 1940, in companion cases *Walgreen Drug Stores, Inc.*, (original defendant) *v. Obear-Nester Glass Company*, No. 11,654, and *Corning Glass Works* (intervener) *v. Obear-Nester Glass Company*, No. 11,655, reversing a decree of

the United States District Court for the Eastern District of Missouri, Eastern Division, which granted the full relief prayed to the Obear-Nester Glass Company for infringement of its trade-mark REX. The appeals were considered as one by the Eighth Circuit Court of Appeals and were so treated by the parties. They are considered as one here.

This petition is accompanied by a certified transcript of the record in the case at bar, including the proceedings in the court to which the writ is asked to be directed [Rule 38 (1) of this Court], together with ten copies of the record [Rule 38 (7) of this Court].

Notice of the filing of this petition, together with a copy thereof, a copy of the supporting brief and a copy of the printed record are being served by the petitioner on counsel for the respondents and due proof of service is being filed with the Clerk of this Court [Rule 38 (3) of this Court].

The amended decision of the Eighth Circuit Court of Appeals appears at page 1205 of the record. No written opinion was filed by the lower court, but its findings of fact and conclusions of law are found at page 1104 of the record.

SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

Obear-Nester instituted this suit under *15 U. S. Code 96* for infringement by Walgreen of its registered trade-mark REX for glassware, particularly glass bottles, through the sale in the Eastern District of Missouri, Eastern Division, of glassware, particularly glass bottles, imprinted with the mark PYREX (R. 3, 5, 1105), sales which Walgreen and Corning admit. Corning intervened and has since de-

fended the action (R. 8, 10). The suit is, therefore, one for technical trade-mark infringement.

Obear-Nester manufactures and merchandises glassware, particularly glass bottles, of various kinds, including a number of types of bottles to which it applies its trade-mark REX (R. 246 *et seq.*, 1105).

In the year 1896 Obear-Nester adopted as a trade-mark the word REX and applied the same to glassware, to wit, bottles, or to the packages containing the same, which it sold in interstate commerce (R. 65, 67). On October 23, 1900, under the *Trade-Mark Act* of 1881, trade-mark certificate No. 35,303 was issued for the 30-year term to Obear-Nester as the owner of said trade-mark, based upon use beginning January 2, 1896 (R. 65).

Prior to the expiration of the term of the said certificate of registration No. 35,303, Obear-Nester filed its application for re-registration of said mark under the *Trade-Mark Act* of 1905 and, on August 23, 1927, trade-mark certificate No. 231,759 was issued to Obear-Nester by the United States Patent Office (R. 69).

Obear-Nester has used REX as a trade-mark on prescription bottles from January 2, 1896 in interstate commerce continuously to date (R. 65, 247); it has also applied its REX mark to nursing bottles (1928: R. 364), utility bottles (1930: R. 367), dropper bottles (1930: R. 366), citrate of magnesia bottles (1930: R. 367), toilet bottles (1929: R. 368) and pockiteer flasks (1931: R. 369) for a number of years prior to the filing of the bill of complaint to date, and applied the mark to liquor bottles sold in interstate commerce up to 1919 (R. 285). (See Pltf.'s Exs. 9, 10, 16-18, 20, 21, 22, 24, 25, 26 and 28.)

The available records of Obear-Nester show a substantial business in glassware manufactured and sold by Obear-Nester bearing the trade-mark REX from 1917 to the filing of the bill of complaint (R. 374, 375). Its cata-

logues were sent to every state in the United States (R. 363; Pltf.'s Exs. 11-15). Both documentary and oral proof establish that the said mark REX was widely advertised and became well known in the trade as identifying Obear-Nester's products long prior to 1915 (R. 363, 376-379, 394, 401).

In 1915, Corning adopted and began to use the mark PYREX for a line of glassware, namely, baking ware (R. 712); thereafter Corning applied the mark PYREX to an additional line of glassware, namely, laboratory ware, including bottles of various kinds (Def.'s Exs. 83, 88, 91, 99, etc.); and later, after it had been making nursing bottles for a number of years (R. 648, XQ. 154), Corning applied the mark PYREX to nursing bottles (1922). Corning spent substantial sums in advertising its products between 1915 and 1931 (R. 748, 749).

Corning, while denying knowledge of the use of the trade-mark REX by Obear-Nester at the time of its adoption of the trade-mark PYREX in 1915, failed to establish that it used due care and caution to ascertain whether or not there had been a prior use of a confusingly similar mark (R. 24). Further, Corning admitted, through a responsible officer thereof, that it would have adopted the mark PYREX regardless of whether it had had knowledge of a prior use of the trade-mark REX by Obear-Nester as applied to glassware (R. 25).

On March 13, 1917, Corning registered the mark PYREX for glass, certificate No. 115,846 (R. 513); and, on October 14, 1924, registered the mark PYREX for nursing bottles by certificate No. 190,518 (R. 531).

In the year 1928, at which time both Obear-Nester and Corning were applying, respectively, the marks REX and PYREX to nursing bottles, Obear-Nester first learned of conflict between products sold under said marks in the trade territories mutually served by the parties (R. 372,

402 *et seq.*). Obear-Nester notified Corning in 1930 of the infringing use of the mark PYREX (R. 77). Expensive patent litigation instituted against Obear-Nester in 1926 by Hartford-Empire, connected with Corning, prevented immediate action in 1928 (R. 373).

On July 20, 1931, Obear-Nester filed in the United States Patent Office cancellation proceedings, Nos. 2334 and 2335, for cancellation of the aforementioned PYREX trade-mark registrations Nos. 115,846 and 190,518, respectively, based upon the prior use of the trade-mark REX, alleging that the marks REX and PYREX were deceptively similar and that the marks were used on goods or merchandise in the same class, and of the same descriptive properties (R. 116-131).

The Examiner of Interferences in charge of trade-marks decided both cancellation proceedings in favor of Obear-Nester, the decisions of the said Examiner finding that PYREX was deceptively similar to REX and that the goods upon which each of the parties had used the respective marks were of the same descriptive properties (R. 188-191).

The law does not require any proof of direct confusion, but Obear-Nester furnished for the record the testimony of numerous witnesses who testified to direct confusion in the trade arising out of the simultaneous use of the mark REX and the mark PYREX on nursing bottles (R. 155-186, 402-404). Corning produced witnesses who testified to lack of confusion. It need not be argued that such negative testimony is of questionable value, since, for example, evidence that ten persons do not have smallpox is not proof that the disease does not exist so as to require prophylaxis.

Decisions Below.

The District Court, before whom the trial was held, adjudged the trade-mark REX infringed, denied the defenses

of the respondents, ordered an accounting, issued an injunction, made findings and conclusions (R. 1104), and entered its interlocutory decree for the petitioner (R. 1108).

In so doing, the District Court held that the glass bottles represented in petitioner's registration are goods of the same descriptive properties as the glass bottles and also the other glassware of the respondent; that the two marks REX and PYREX are confusingly similar; that the petitioner's use long antedated that of the respondents; that the petitioner had not been guilty of laches, and that the respondent Corning's adoption of the mark PYREX had been in disregard of petitioner's mark REX (R. 1104 *et seq.*).

The Court of Appeals reversed the District Court on only two grounds, and, in so doing, injected two novel interpretations of the Trade-Mark Act of 1905, and its 1906 amendment, not only contrary to their wording, but effectively nullifying long-established rules of trade-mark law that have been relied upon by the public and the petitioner for such a length of time that their overthrow transcends the rule of *stare decisis* to the inescapable point of being judicial legislation.

The Court of Appeals held that the registration by the petitioner of its mark for glass bottles, with the statement required by the 1906 statute of the particular goods upon which it has been used, was a disclaimer of the mark with respect to everything other than prescription bottles, and that, because of this "disclaimer," the glass bottles and other glassware of the respondent, not being prescription bottles, do not have the same descriptive properties as the glass bottles of the respondent.

This was the Alpha and Omega of the Court of Appeals' decision, since it is the first point discussed, and the last conclusion (R. 1212 and 1219). It permeates the entire decision, and is a radical departure from accepted custom of interpretation of the statute.

The Court of Appeals further reversed the District Court on the theory that because the glass bottles of the petitioner differed from the glass bottles of the respondent in appearance, material and price, and are usually sold in combination with the other products, they are goods of different descriptive properties.

The Court of Appeals, in so reversing the District Court, chose to base its conclusion upon a hypothesis that no confusion would result, despite the existence in the record of evidence of actual concrete confusion upon which the District Court based its findings of fact. No explanation of why this and the findings of the District Court were clearly unsupported by the evidence was offered. The Court of Appeals merely disregarded the evidence upon which the District Court based its findings of fact.

The Court of Appeals stated, contrary to the District Court, and with no explanation whatsoever of its action in reversing the findings, that respondent's mark, usurping petitioner's mark in its entirety, does not have the appearance or sound of petitioner's mark, and this accompanied by a long explanation that respondent's PYREX means "fire *king,*" whereas obviously petitioner's mark REX means "*king.*"

The Court of Appeals, in direct contradiction to the District Court, held that the familiar doctrine of expansion of business to analogous products does not apply here on the ground that it does not attach to registered trademarks, this being a far-reaching interpretation of the Trade-Mark Act of 1905, contrary to accepted custom. The Court of Appeals further decided that the protection of a business in the fields into which it may normally be expected to expand in the future cannot be had in the absence of a present occupation of that field, which is, by any interpretation, a complete nullification of the expansion of business doctrine long understood and accepted as

a proper interpretation of the "same descriptive properties" clause of the 1905 Trade-Mark Act.

The Circuit Court of Appeals put aside all other defenses and did not consider them. They, therefore, stand adjudicated against the respondents by the action of the District Court.

The decision of the Court of Appeals is not only contrary to the decision of the District Court, but is also contrary to the decision of the United States Patent Office in the proceeding between these parties wherein cancellation of respondent Corning's aforementioned registrations was granted petitioner, as a basis of which decision the Patent Office held that the goods of the petitioner have the same descriptive properties as those of respondents, and that the marks are deceptively similar (R. 1106, Fdgs. 12, 13).

JURISDICTION.

The jurisdiction of this Court to grant the writ of certiorari to review the decision and judgment is given by the following statutes:

(1) This suit was instituted under *U. S. Code, Title 15, Section 96* (R. 3).

(2) *U. S. Code, Title 15, Section 98*, provides for granting of writs of certiorari by this Court for review of such suits, in the same manner as provided by *U. S. Code, Title 28, Section 347*.

The relevant portions of said statutes are quoted in the annexed brief at pages 14-16.

QUESTIONS PRESENTED.

1. Whether, in the registration of the trade-mark REX under the Federal Trade-Mark Act of 1905, the statement

required by the amending statute of May 4, 1906 that the mark has been used on glass prescription bottles is a disclaimer of the mark as applied to *all other goods* no matter how closely analogous.

2. Whether the doctrine of expansion of business to analogous products, long accepted as a proper interpretation of the 1905 Trade-Mark Act, shall no longer be applied to marks registered under that Act.

3. Whether the doctrine of expansion of business, long accepted, shall be nullified completely by requiring it to be applied only where there has been actual entry into the expected field by the older user of the mark prior to entry of the junior user, which is, of course, a destruction of the doctrine itself.

4. Whether the Court of Appeals properly reversed the findings of fact of the District Court not only without explaining wherein they were "clearly erroneous," but also contrary to evidence (whether or not conflicting evidence) in the record, and properly substituted academic hypothesis for such evidence, particularly where the District Court's findings were confirmed by the findings of another tribunal.

5. Whether the registered trade-mark REX, applied and used on glass bottles made of ordinary glass, is infringed by the use of the mark PYREX on glass bottles and other glassware made of heat-resisting glass.

REASONS FOR ALLOWANCE OF THE WRIT.

1. The decision of the Eighth Circuit Court of Appeals that the statement of goods in a registration certificate, as required by the amendment of May 4, 1906 to the Trade-Mark Act of 1905, is a disclaimer of all other analogous goods, is a new interpretation of a long-existing federal

statute not heretofore interpreted by this Court; and the decision, obviously affecting all of the several hundred thousand registered marks, adjudged a vital federal question in a manner believed untenable.

2. The 1905 Act with its 1906 amendment has not heretofore, it is thought, been interpreted specifically, but it has long been the uniform practice of the courts, prior to this decision, to assume an interpretation contrary to the present decision. Hence, this decision, even if not in direct conflict with other decisions, is in direct conflict with their results, and violates the rule of *stare decisis*, upsetting both legal and commercial practices in a startling manner.

3. The decision of the Eighth Circuit Court of Appeals that

> (a) the product expansion of business doctrine does not apply to registered trade-marks, and
>
> (b) the trade-mark registrant must have actually sold the expected products with the mark thereon prior to such use by the junior user of the mark in order to avail of the expansion of business doctrine,

presents an interpretation of the 1905 Act of great importance to the user of every trade-mark in the United States. This Court has never heretofore directly considered the applicability of the product expansion of business doctrine.

4. Although this Court has never before decided as to the applicability of the product expansion of business* doctrine to the 1905 Act, the Circuit Courts of Appeals have. The one clear adjudication, from the Third Circuit, is directly contrary to the present decision in the Eighth. Most other Circuits have consistently applied the doctrine to registered trade-marks without specifically discussing

*This Court has considered territorial expansion of business which is a distinct rule.

its basis as did the Third Circuit. Resolution of this conflict is essential to national consistency in the rights of trade-mark owners who have registered them under the 1905 Act.

5. The Court of Appeals' ruling that the right to protection of a business based upon a trade-mark registered under the 1905 Act, in the expansion of the business to products normally to be expected from such a business, is effective only if the owner of the mark actually makes such goods prior to a newcomer, is under any interpretation a complete destruction of the entire doctrine. Yet, the doctrine has been so long a part of the law and is so important to every manufacturer of goods who expects ever to enlarge his line of products as do his competitors, that to say the least it should be authoritatively decided one way or the other by this Court.

It is hardly necessary to add that the decision emasculating the doctrine is contrary to the overwhelming weight of authority in the other Circuits.

6. The Eighth Circuit Court of Appeals has decided points of fact in direct conflict with the findings of fact of the District Court as to the descriptive properties of the goods and the similarity of the marks involved. If this resulted from a legal interpretation, it was based upon the foregoing novel law now established for the Eighth Circuit; if it was based upon fact, it constitutes a reversal of findings of fact contrary to the decisions of this Court and to the express wording of *Rule 52 (a)* of the *Rules of Civil Procedure*, since the Court of Appeals did not even attempt to set forth wherein or how the District Court findings were "clearly erroneous." It is in direct contradiction to evidence and testimony before the District Court, and it is contrary to the ruling of the Patent Office on the same points in the cancellation proceedings between those parties.

There is no means by which these parties may obtain a conflicting ruling from another Circuit Court of Appeals.

7. The Eighth Circuit Court of Appeals has decided important federal questions, the effect of which is of great public importance and interest.

Wherefore, petitioner respectfully prays that this petition for writ of certiorari to review the judgment of the Circuit Court of Appeals of the Eighth Circuit be granted.

OBEAR-NESTER GLASS COMPANY,
By LAWRENCE C. KINGSLAND,
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St. Louis, Missouri,
October 22, 1940.